

**2017/18 REVENUE AND CAPITAL BUDGET
YEAR END OUTTURN POSITION**

AGENDA ITEM NO.

MEETING: POLICY AND RESOURCES

DATE: 6TH JUNE 2018

REPORT BY: FINANCE MANAGER

1.0 Purpose of the Report

- 1.1 The purpose of this report is to provide Member's with details of the year-end outturn position on the Council's approved Revenue and Capital Budgets for the 2017/18 financial year.
- 1.2 The report also outlines the year-end position on the Council's balances and reserves, loans, investments and outstanding debtors.
- 1.3 The Council's 2017/18 Accounting Statements, which are set out within the 2017/18 Annual Return, will be presented to the Council Meeting on the 13th June 2018.

2.0 Summary of the Year-End Financial Position

- 2.1 **The Council set a Net Revenue Budget for the 2017/18 financial year, as represented by the Precept, of £1,453,500.**
- 2.2 **Actual final spending for the year was £1,271,463.**
- 2.3 **There was therefore an overall year-end saving of £182,037, representing 12.5% of the Precept.**
- 2.4 This saving included the planned £25,000 contribution to capital reserves and the main reasons for the remaining £157,000 saving on the Revenue Budget can be summarised as follows:-
 - Limited use of the contingency sum;
 - Ongoing savings from flexible retirements and staff vacancies in the central establishment and works section;
 - Savings on members and civic expenses and corporate costs;
 - Limited use of the Council donations budget;
 - No use of the pre-school staff cover budget and reduced consultancy support from Durham County Council;
 - Significantly higher than budgeted pre-school funding income as a result of an increase to the funding rate, the move from 15 to 30 funded hours, an increase to the capacity of the building, and better than expected numbers of children throughout the year;
 - Savings on works vehicle costs, equipment and bedding plants;
 - A much lower than expected final cost for the Aycliffe Festival, and savings on the running costs of other special events; and
 - A significant fall in environment waste disposal charges following the removal of the allotments tipping bays.

- 2.5 However, savings continue to be delivered across most service areas, a situation that has been greatly assisted by the prudent financial management that continues to be exercised by all service managers, and overseen by Members of the Council.
- 2.6 Whilst this Revenue Budget surplus is welcome and has helped to top up the Council's balances and reserves, the total savings are again down on those delivered in previous years. This provides further evidence to support the Medium Term Financial Plan conclusion of diminishing savings and tighter budgets moving forward.
- 2.7 More detail on the overall Revenue Budget position, as well as commentary on the savings achieved in each Committee area, is set out in Section 3 and 4 of the Report.
- 2.8 A total of £12,070 has been identified in respect of on-going revenue budget commitments, for which it is requested that some of the savings on the 2017/18 Revenue Budget are carried forward in the Revenue Budget Support Reserve to support the 2018/19 Revenue Budget. Section 5 of the report provides further details.
- 2.9 **The Council's approved Capital Programme Budget for 2017/18 stood at £407,500**, having been increased from £255,500 to provide for the approved carry forward of commitments totalling £127,000 from last year, including the planned park development at Cobblers Hall and a number of other ongoing projects, as well as the approved transfer of a £25,000 budget from the 2018/19 Capital Programme to fund the purchase of a seven gang mowing machine for the Works Section.
- 2.10 **Final spending on the 2017/18 Capital Programme Budget totalled £184,793, and this has been funded from the Council's Earmarked Capital Reserves.**
- 2.11 This significant underspend on the 2017/18 Capital Programme Budget is because the major planned project to develop a new park in the Cobblers Hall area of the town is not going ahead until later this financial year, while a large number of other projects including footpath repairs, play area safety surfacing replacement and the purchase of replacement wood chipper machine were also delayed into this year.
- 2.12 These projects, and number of other smaller projects, are all now due to take place early in the 2018/19 financial year, and **it is requested that a total of £204,750 is carried forward to the 2018/19 financial year to meet the cost of these ongoing capital projects.**
- 2.13 More detail on the 2017/18 Capital Programme Budget position is provided in Section 6 of the Report.
- 2.14 The £182,000 saving delivered on the Revenue Budget was transferred to the Council's Balances and Reserves at the end of the year and, after accounting for the financing of the Capital Programme at £185,000 as set out above, and the proceeds from the land sale at Agnew 5 of £125,000, the Council was able to make a net contribution to its balances and reserves at the end of the year.

- 2.15 **The Council increased its balances and earmarked reserves by nearly £122,500, to £1.265 million at the end of the year.**
- 2.16 This level of balances is around £250,000 better than forecast in the Council's current Medium Term Financial Plan, and has enabled the Council to make a higher than originally planned level of investment in the 2018/19 Capital Programme Budget, in pursuit of the delivery of the Council's Asset Management Plan.
- 2.17 This healthy financial position will also be important moving forward, as the Council faces a number of challenges in the years ahead, particularly in relation to the likelihood of further cuts to the Council Tax Support Grant funding, and increasing pressure on staffing costs linked to the National Living Wage.
- 2.18 The update of the Council's Medium Term Financial Plan is due to be reported to the next meeting of the Policy and Resources Committee and will set out the Council's financial strategy for the five year period 2018/19 to 2022/23, explaining how the Council's Revenue and Capital Budget may need to change to respond to the various challenges that lie ahead.

3.0 2017/18 Year-End Revenue Budget Position

- 3.1 A detailed breakdown of the year-end financial position on the Council's Revenue Budget, broken down by each Committee and also by individual service areas, is attached in **Appendix 1** to the report.
- 3.2 The attached figures set out the following information:-
- The approved annual budget for each service area;
 - The actual income and expenditure for the year as recorded in the Council's financial management system;
 - The variance between the approved annual budget and the actual outturn for the year;
 - An explanation of any significant variances between approved budgets and actual outturn i.e. savings or overspending.
- 3.3 It should be noted that some of the budget figures set out in the original approved 2017/18 Revenue Budget have been adjusted, as agreed at the Policy and Resources Committee held on 7th June 2017.
- 3.4 These budget amendments included the variations to the pre-school and golf complex budgets following changes in the management and staffing arrangements in these service areas, the removal of depreciation following the change in the Council's accounting and audit arrangements, and adjustments to support service and works section recharges in line with actual time worked during last year.
- 3.5 However it is important to stress that whilst these adjustments have changed some of the individual service budget totals set out the Council's published Budget Document, there is no impact on the overall 2017/18 Revenue Budget total or the level of Precept.

- 3.6 The table below provides a summary of the final position on the Council's Revenue Budget for 2017/18:-

Cost Centre by Committee	Budget 2017/18 £	Actual Spend £	(Saving) / Overspend £
<u>Policy and Resources</u>			
Members and Civic	67,350	54,267	(13,083)
Finance Service	68,250	70,775	2,525
Administration Service	91,400	70,684	(20,716)
Corporate Services	282,850	262,322	(20,528)
Neighbourhood Plan	-	51	51
St Oswald's Pre-School	63,250	16,182	(47,068)
Works Department	170,650	159,909	(10,741)
Depot	24,600	23,757	(843)
Capital Financing	28,150	27,130	(1,020)
Total	796,500	685,078	(111,422)
<u>Recreation</u>			
Special Events	131,400	112,362	(19,038)
Sports Complex	249,900	263,248	13,348
Sports Pitches	19,500	17,207	(2,293)
Golf Course	51,500	58,948	7,448
Driving Range	17,350	17,156	(194)
Parks	130,900	127,331	(3,569)
Play Areas	53,450	48,291	(5,159)
Total	654,000	644,543	(9,457)
<u>Environment</u>			
Environment	89,000	82,476	(6,524)
Street Equipment	5,350	3,374	(1,976)
Allotments	19,400	14,950	(4,450)
Cemeteries	38,250	39,409	1,159
Church Works	9,000	10,100	1,100
Total	161,000	150,309	(10,691)
Contingency Sum	33,750	745	(33,005)
Less Council Tax Support Grant	(191,750)	(191,733)	17
Contribution to Reserves	25,000	-	(25,000)
Less Use of Reserves - Election	(25,000)	(17,479)	7,521
<u>Council Precept / Net Spend</u>	1,453,500	1,271,463	(182,037)

- 3.7 As can be seen in the above summary, there was an overall year-end saving on the Council's 2017/18 Revenue Budget, including the budgeted contribution to reserves, of £182,037 or 12.5%.

- 3.8 Whilst this Revenue Budget surplus is welcome and has helped to top up the Council's balances and reserves, the total saving is down on the £213,500 saved last year.
- 3.9 This provides further evidence to support the Medium Term Financial Plan conclusion of diminishing savings and tighter budgets moving forward and will make the process of balancing the Revenue Budget increasingly difficult in the longer term.
- 3.10 Detailed commentary on the 2017/18 Revenue Budget position broken down by each committee, and highlighting the specific savings made, is provided in the following section of the Report.

4.0. Commentary on Revenue Budget Position by Committee

4.1 Policy and Resources Committee

There was a saving of nearly £111,500 or 14% on the Policy and Resources Committee Revenue Budgets during 2017/18.

The main factors contributing towards the achievement of this saving were as follows:-

- Savings on members and civic costs totalling £9,500;
- A saving of £3,500 on the Council donations budget;
- Savings of £24,500 on central establishment staffing costs arising from two flexible retirements and the vacant administration post;
- A saving of £5,250 on pre-school staffing costs as a result of the staff cover budget not being used in full;
- A further saving of £7,500 on pre-school consultancy costs following a reduction in the level of external support required from Durham County Council education department staff;
- A £40,000 increase in pre-school income as a result of the move from 15 to 30 funded hours, an increase to the capacity of the building, an increase to the funding rate and better than expected numbers of children attending;
- A saving of £7,500 from the lower than expected final cost of the 2017 Elections;
- A saving of £9,000 on works staffing costs as a result of a flexible retirement and the vacant apprenticeship post;
- Various savings on running costs totalling £11,750 including office running costs, youth council costs, health and safety, consultancy costs, external audit fees, works vehicle running costs, works equipment and bedding plants.

However, it should be noted that there will be an unbudgeted cost of £7,000 in the Finance Section Budget as a result of the approved increase in the Internal Auditor's working hours from 15 to 18 hours per week, and two members of staff joining the local government pension scheme during the year.

4.2 Recreation Committee

There was a saving of £9,500 or nearly 1.5% on the Recreation Committee Revenue Budgets during 2017/18.

The main factors contributing towards the achievement of this saving were as follows:-

- A saving of £13,500 on the final cost of holding the Aycliffe Festival;
- Further savings of £5,500 on the final costs of running the fun in the parks, senior citizens trips and fireworks display events;
- Savings of £23,250 on sports complex running costs, including premises running costs following planned maintenance and energy efficiency measures, lower spending on vending stocks following a downturn in income, and savings on supplies and services including equipment, machine rentals, stationery, uniforms and marketing;
- A saving of £10,250 on golf complex running costs, following the move to 'in house' management of the facility;
- Savings on sports pitch, parks and play area maintenance and insurance costs of £10,500 and an increase in sports pitch income of £500.

However, it should be noted that these savings have been largely offset by significant shortfalls in sports and golf complex income and increased sports complex staff cover costs.

There was an overspend of £20,000 on sports complex staffing costs as a result of high levels of sickness absence and maternity leave, which required significant levels of staff cover.

Sports complex income was £16,500 down on budget, following a significant fall in usage across almost all areas. The most significant falls have been in five a side football and bowls income, gaming machines takings and catering sales, while squash income and vending machine takings are also down.

Golf complex income was also down by £17,500 on budget following some very poor weather conditions which have significantly impacted upon green fee sales.

4.3 Environment Committee

There was a saving of £10,700 or 6.6% on the Environment Committee Budgets during 2017/18.

The main factors contributing towards the achievement of this saving were as follows:-

- A £4,750 reduction in environment waste disposal charges following the removal of the allotments tipping bays;
- Further savings of £1,750 on environment centre running costs and budgets relating to the former environment officer post;
- Savings of £2,000 on street equipment maintenance and parish lighting electricity costs;

- A saving of £4,500 on cemeteries running costs as a result of the lower number of interments during the year, although this was offset by the corresponding £6,750 shortfall in cemeteries income;
- A £4,500 saving on the allotments budget as a result of less works time being spent removing waste, the increase in allotments rents and savings on maintenance costs.

4.4 Revenue Budget Contingency Sum

There has only been very limited use of the Revenue Budget Contingency Sum during the year to fund the purchase of civic scarves at a cost of £750.

There was no further use of the Contingency Sum during the year and as a result there was therefore a further saving to the Revenue Budget of £33,000.

5.0 Revenue Budget Support Reserve

5.1 Use of Budget Support Reserve in 2017/18

During the approval of the 2016/17 year-end position, it was agreed to transfer of total of £7,700 to the Revenue Budget Support Reserve.

These resources were set aside to fund a number of specific issues that were on-going at the end of the 2016/17 year for which additional budget was expected to be required in 2017/18. Resources have been transferred from the Revenue Budget Support Reserve to the service revenue budgets during 2017/18 to meet any expenditure relating to these issues.

An analysis of the resources set aside within the **2017/18 Revenue Budget Support Reserve** and the actual use of these resources during the year is attached at **Appendix 2** for Members' information.

This shows that a total of £4,950 has been transferred to service revenue budgets during the year. This resulted in an unused sum of £2,750 being transferred back to Council Balances.

5.2 Proposed 2018/19 Revenue Budget Support Reserve

A total of £12,070 has been identified in ongoing commitments at the end of the 2017/18 financial year that is requested to be carried forward in the Revenue Budget Support Reserve, and used to provide support to the 2018/19 Revenue Budgets.

This includes the unspent balance on the mayor's allowance, and monies to fund various building and equipment maintenance issues, purchases of equipment, staff training, and replacement targets and mats for the driving range.

These carry forward requirements are summarised in **Appendix 3** for Members approval.

6.0 2017/18 Year End Capital Programme Budget Position

- 6.1 The Council approved an original **Capital Programme Budget for 2017/18** totalling £255,500.
- 6.2 This was then increased to £382,500 to provide for a large number of capital commitments and on-going projects outstanding at the end of the 2016/17 financial year totalling £127,000. This carry forward was approved by the Policy and Resources Committee on 7th June 2017.
- 6.3 These ongoing projects and commitments included the planned new park development at Cobblers Hall, footpath and play area safety surfacing repairs, skate park repairs, works machinery, website development, and sports complex kitchen equipment.
- 6.4 The budget was subsequently increased to provide for the approved transfer of a £25,000 budget from the 2018/19 Capital Programme to fund the purchase of a seven gang mowing machine for the Works Section.
- 6.5 **The Council's final approved Capital Programme Budget for 2017/18 therefore stood at £407,500**, and a copy of the adjusted budget is attached at **Appendix 4**. This includes more detail on the adjustments made to the budget since it was originally approved.
- 6.6 **Final spending on the 2017/18 Capital Programme Budget totalled £184,793, and this has been funded in full from the Council's Earmarked Capital Reserves.**
- 6.7 Projects completed during the year included:-
- Replacement of the depot roller doors and repairs and safety improvements to shutters across all Council buildings;
 - Outdoor play areas for the two pre-schools, set up costs for the new two year-old setting, and installation of a fire alarm system;
 - Three replacement works vehicles, a mini tractor, a ride on mowing machine and tractor mounted gang mowers;
 - Computer replacements and website development;
 - Widening of the access gate at the Town Park;
 - Replacement Christmas lights;
 - Inflatable leisure equipment and fencing equipment;
 - Air conditioning unit for the sports complex function room;
 - Upgrade of the CCTV system at the sports and golf complex;
 - Drainage repairs at the sports complex and West Cemetery;
 - Play area surfacing repairs;
 - Skate park repairs;
 - Upgrade of the driving range external lighting;
- 6.8 The significant under spend on the 2017/18 Capital Programme Budget is because the major planned project to develop a new park in the Cobblers Hall area of the town is not going ahead until later this year, while a large number of other projects including footpath repairs, play area safety surfacing replacement, sports complex building works, and the purchase of wood chipper machine were also delayed.

6.9 These projects, and number of other smaller projects, are all now due to take place early in the 2018/19 financial year, and **it is requested that a total of £204,750 is carried forward to the 2018/19 financial year to meet the cost of these ongoing projects.**

6.10 The carried forward projects are summarised below:-

- Cobblers Hall park development	£75,000
- Footpath repairs	£25,000
- Play area safety surfacing	£30,750
- Sports complex roof repairs	£7,500
- Sports complex kitchen equipment	£8,000
- Sports complex shutters	£6,000
- Sports complex bar service lift	£2,500
- Sports complex squash courts conversion	£15,000
- Works machinery including a wood chipper	£25,000
- Golf irrigation system repairs	£5,000
- West Cemetery remembrance garden	£5,000
Total Requested Carry Forward	£204,750

6.11 A detailed breakdown of the final actual spending position on the Council's 2017/18 Capital Programme and the projects that are requested to be carried forward to 2018/19 is attached at **Appendix 5.**

6.12 Full details of the Council's Capital Programme Budget commitments for the five year period 2018/19 to 2022/23 will be set out in the update of the Medium Term Financial Plan which is due to be reported to the July meeting of the Policy and Resources Committee.

7.0 Council Balances and Reserves

7.1 Taking into account the Revenue Budget saving and the financing of the Capital Programme outturn, as well as the funding of the 2017 Election from earmarked reserves, and capital receipts from the sale of land at Agnew 5 and obsolete works vehicles and machinery, **the Council was able to make a net contribution to its balances and reserves at the end of the year.**

7.2 **As a result, the Council has increased its balances and earmarked reserves by £122,376, to a total of £1.265 million, over the course of the 2017/18 financial year.**

7.3 **However, the funding of the on-going Revenue Budget and Capital Programme requirements** referred to earlier in the report of £12,070 and £204,750 respectively, **would see Balances and Reserves reduce back to around the £1.05 million mark.**

7.4 The movement on the Council's Balances and Earmarked Reserves during the year, including a breakdown of those balances is summarised on the following page.

Council Balances and Reserves	£
Opening Balances:	
General Fund Balance	126,296
Budget Support Fund	7,700
Community Benefit Fund	1,603
Earmarked Revenue Reserves	60,000
Earmarked Capital Reserves	800,000
Unused Capital Contributions	13,043
Usable Capital Receipts	134,409
Actual Balances Held as at 1st April 2017	1,143,051
Contribution to Balances 2017/18:	
2017/18 Revenue Budget Saving	182,037
Capital Contributions Received (Cobblers Hall)	15,000
Land Sale at Agnew 5	125,001
Sale of Works Vehicles and Machinery	7,460
Allotments Bonds	100
Total Contribution to Balances	329,598
Use of Balances 2017/18:	
Financing of 2017/18 Capital Programme	(184,793)
Use of Capital Contributions	-
Use of Budget Support Fund	(4,950)
Funding of Election	(17,479)
Total Use of Balances	(207,222)
Balances Held as at 31st March 2018	1,265,427
Breakdown of Closing Balances:	
General Fund Balance	105,898
Budget Support Fund	12,070
Community Benefit Fund	2,447
Allotments Bonds Account	100
Elections Reserve	50,000
Earmarked Capital Reserves	800,000
Unused Capital Contributions	28,042
Usable Capital Receipts	266,870
Balances Held as at 31st March 2018	1,265,427

- 7.5 **The Council's Balances and Reserves have increased over the course of the year by £122,376, from £1,143,051 million to £1,265,427 million.**
- 7.6 This has been achieved despite funding capital investment of nearly £185,000, and the 2017 Election at £17,500.
- 7.7 This increase in balances has been possible as a result of the savings that have been achieved on the Council's Revenue Budget, and the generation of a significant capital receipt from the sale of land at Agnew 5 and the auctioning off of obsolete works vehicles and machinery.

- 7.8 This level of balances is around £250,000 better than forecast in the Council's current Medium Term Financial Plan, and has strengthened the Council's already healthy financial position, although this is partly due to the high number of capital projects that were delayed and which have been carried forward to 2018/19.
- 7.9 The healthy level of balances and reserves held has enabled the Council to make a higher than originally planned level of capital investment in the 2018/19 Capital Programme Budget, in pursuit of the delivery of the Council's Asset Management Plan.
- 7.10 The balances held at the end of the year have been set aside in a number of balances and reserves which are held for various purposes as detailed on the following page.
- **General Fund Balance** which represents the funds available to meet any significant unforeseen costs or shortfalls in income on the Council Revenue Budget. This balance has reduced slightly to **£105,898**.
 - **Revenue Budget Support Reserve** which provides for the carry forward of unspent Revenue Budget resources from one year to the next to fund on-going revenue spending commitments. As highlighted earlier, a balance of **£12,070** has been carried forward to 2018/19.
 - **Community Benefit Fund** which holds community benefit monies generated from the solar farm at School Aycliffe totalling **£2,447**;
 - **The Allotments Bonds Account**, which holds the bonds from tenants with pigeon lofts and poultry sites, totalling **£100**.
 - **Earmarked Revenue Reserves** which are set aside to meet specific Revenue Budget requirements as follows:-
 - **Elections Reserve** which is set aside to meet the costs of the future elections and by elections. A total of **£50,000** is currently set aside in this reserve.
 - **Earmarked Capital Reserves** which are set aside to meet specific future capital investment requirements as set out in the Council's Asset Management Plan as follows:-
 - **Building Works Reserve** which is set aside to meet the cost of planned future works to the Council's buildings. A total of **£250,000** is currently set aside in this reserve.
 - **Vehicle and Machinery Reserve** which is set aside to meet the costs of the future replacements of Council works vehicles and machinery. A total of **£200,000** is currently set aside in this reserve.
 - **Parks and Play Equipment Reserve** which is set aside to fund future parks related capital investment and the cost of replacing and upgrading play equipment. A total of **£200,000** is currently set aside in this reserve;

- **Street Equipment Reserve** which is set aside to meet the cost of replacing street equipment such as bus shelters, street lighting, seating and bins. A total of **£50,000** is currently set aside in this reserve.
- **Sports and Golf Complex Reserves** which are held to fund future non-building related capital investment specific to the sports and golf complex including replacement of machinery and equipment relating to these facilities. A total of **£50,000** is currently set aside in these reserves.
- **ICT and Office Equipment Reserve** which is set aside to meet the costs of any major computer related investment in the future such as replacement servers and computers and office equipment such as telephone systems and photocopiers. A total of **£50,000** is currently set aside in this reserve.
- **Unused Capital Grants and Contributions** which is the balance of previously received capital grants and contributions that have not yet been utilised in funding capital expenditure. Unused capital grants and contributions currently total **£28,042**, relating to historic environment related grants.
- **Unused Capital Receipts** which is the balance of receipts from previous land sales that have not yet been utilised funding capital expenditure. Unused capital receipts currently total **£266,870** and include the monies from the land sales at Travellers Green and Agnew 5.

7.11 During **2018/19**, the following **movement in the Council's Balances and Reserves** is anticipated:-

- The funding of the Revenue Budget and Capital Programme carry forward requirements from 2017/18 totalling £12,070 and £204,750 respectively;
- The funding of the adjusted 2018/19 Capital Programme Budget totalling £429,250; and
- The planned £25,000 contribution to capital reserves from the 2018/19 Revenue Budget.

7.12 **This would see Balances and Reserves fall to as low as £645,000 by the end of 2018/19.**

7.13 **However balances would be higher than this if the contingency sum is not used this year and if savings continue to be delivered on the Council Revenue Budget, as they have been in recent years.**

7.14 As highlighted earlier, despite the significant expected fall in balances over the course of the next year, the projected level of balances is still better than anticipated in the Council's previous Medium Term Financial Plan and improves the Council's already healthy financial position as it looks ahead to an increasingly challenging future.

- 7.15 This strong financial position will be important moving forward as the Council faces a number of challenges in the years ahead that may have an adverse impact on its finances.
- 7.16 These include Revenue Budget pressures such as the likelihood of further cuts to the Council Tax Support Grant funding, and increasing pressure on staffing costs linked to the National Living Wage, as well as potentially significant capital investment requirements that could see Council balances run out over the longer term.
- 7.17 The update of the Council's Medium Term Financial Plan is due to be reported to the next meeting of the Policy and Resources Committee and will set out the Council's financial strategy for the five year period 2018/19 to 2022/23, explaining how the Council's Revenue and Capital Budget may need to change to respond to the various challenges that lie ahead.

8.0 Other Financial Issues

- 8.1 In line with best practice guidance on financial management, it is also considered prudent to report on and consider the following key areas, that may have a material impact on the Council's finances if not reviewed on a regular basis:-
- External loan debt i.e. monies borrowed by the Council.
 - Short term investments i.e. surplus cash invested by the Council.
 - Debtors i.e. sums owed to the Council by its customers.

8.2 External Loan Debt

The Council currently has two annuity loans outstanding with the Public Sector Loans Board. The total amount of the loans outstanding at the beginning of the financial year was £166,245.

Interest payable on the existing loans totalled £8,927 in the current financial year, while principal repayments will total £16,753.

The total balance of loans outstanding at the 31st March 2018 was therefore £149,492.

Options for the possible refinancing or early repayment of the Council's outstanding loans are kept under regular review by the Finance Manager and proposals would be brought forward for consideration by Members if it was considered financially advantageous to do so.

There are currently no plans to repay early or undertake any additional borrowing over the five year period of the Medium Term Financial Plan.

8.3 Short Term Investments

The Council's short term investments are made up of the Council's surplus cash flow resources and its earmarked balances and reserves.

At 31st March 2018, the Council had £771,526 invested in a business premium bank account, and a further £400,000 invested in the Public Sector Deposit Fund.

Investment income in respect of interest on balances in 2017/18 was low at £4,160, with interest rates on the 100 Day Notice Account and Public Sector Deposit Fund running at between 0.40% and 0.60% in line with the very low Bank of England Base Rate.

The Council's Treasury Management Code of Practice includes the Council's borrowing and investment strategy and sets out the arrangements for managing the Council's loans and investments.

8.4 Debtors

Debtors are outstanding income that is due to the Council and relate mainly to fees and charges for services the Council provides that have not yet been paid for.

Prompt recovery of debtors has a positive effect on the Council's cash-flow and outstanding debt should therefore be actively managed so as to minimise payment times and debts written off as uncollectable.

Debt recovery action is the responsibility of the Finance Section and the Council's Income Collection and Debt Recovery Policy sets out the procedures to be followed by the Finance Section and all staff with responsibility for raising debtor's invoices.

The level of outstanding debt at 31st March 2018 was very low with only two invoices outside of the approved payment terms.

Both of these invoices have since been cleared.

The Council's outstanding debt position will continue to be closely monitored and reported to this Committee every quarter.

9.0 Impact on Great Aycliffe Town Council

9.1 The regular monitoring and reporting of Council spending and income, balances and reserves, and the overall financial position helps the Council to ensure that it manages and controls its finances prudently and helps to deliver value for money to the local community.

10.0 Policy Implications

10.1 The undertaking of regular budget monitoring and the reporting of the Council's financial position to the Policy and Resources Committee assists the Council in achieving the following Strategic Aims:-

Aim 1 "To provide good quality governance and management of the Council".

Aim 2 "To manage the Council's finances and assets in a responsible manner".

11.0 Staffing Implications

11.1 All of the year-end figures set out in the report and explanations of any savings or over spending have been included following consultation and agreement with the responsible budget managers controlling the income and expenditure on the budgets.

12.0 Financial Implications

12.1 The financial implications are fully set out in the report and appendices.

13.0 Crime and Disorder Implications

13.1 None.

14.0 Equal Opportunities Implications

14.1 None.

15.0 Environmental Implications

15.1 None.

16.0 Risk Assessment

16.1 Budgetary control is a key factor in effective risk management as it contributes towards the proactive management of the Council's finances by ensuring Members are informed of any potential budget problems at an early stage, thereby allowing remedial action to be taken.

16.2 Formal risk assessments are also undertaken at the time the Council sets the annual Revenue and Capital Budget and also when it approves the Annual Accounts and Medium Term Financial Plan.

17.0 Recommendations

17.1 It is recommended that Members:-

- a) Receive the year-end financial position on the Council's 2017/18 Revenue Budgets;
- b) Receive the year-end financial position on the Council's 2017/18 Capital Programme Budgets;
- c) Receive the year-end position on the Council's Balances and Reserves and approve the proposed allocation of those balances;
- d) Approve the Revenue Budget and Capital Programme carry forward requests referred to in paragraphs 5.2 and 6.10;
- e) Continue to receive quarterly budgetary control reports during the 2018/19 financial year, detailing the financial position and expected outturn on the Council's 2018/19 Revenue and Capital Budgets.